

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

IN THE MATTER OF:)	
)	
)	
James E. Montgomery; and the Alice)	
and Marie Investment Club, LLC;)	ORDER TO CEASE AND DESIST
)	
Respondents.)	Matter No. 20241989
_____)	

I. PRELIMINARY STATEMENT

Pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. §35-1-101, *et seq.* and the regulations and rules promulgated thereunder (collectively, the “Act”), and delegated to the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) by the Securities Commissioner, the Division conducted an investigation into the securities-related activities of James E. Montgomery (“Montgomery”) and Alice and Marie Investment Club, LLC (the “Investment Club”) (collectively, the “Respondents”), and in connection with its investigation, the Division has determined that the Respondents violated the Act.

II. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

III. RELEVANT PERIOD

2. Except as otherwise expressly stated, the conduct described herein occurred between approximately January 1, 2020, and present (the “Relevant Period”).

IV. RESPONDENTS

3. Montgomery is a resident of the State of South Carolina. Montgomery has never been registered with the Division in any capacity.

4. The Investment Club is an unincorporated entity owned and operated by Montgomery. Montgomery operated the Investment Club from South Carolina. The Investment Club has never been registered with the Division in any capacity.

V. FINDINGS OF FACT

5. During the Relevant Period, Montgomery received funds from investors to invest in the stock market on their behalf via the Investment Club.

6. Montgomery retained sole control over the funds invested by investors of the Investment Club.

7. The Division is aware of at least one South Carolina investor ("Investor A") who invested with the Investment Club in January 2020.

8. During the Relevant Period, Investor A would occasionally receive a spreadsheet showing the alleged investments and account balances for Investor A's account. These account statements appeared to be from Montgomery, not from a registered custodian.

9. Investor A was not aware of anyone other than Montgomery who had access to Investor A's investment account or funds.

10. In early 2021, Investor A contacted Montgomery for tax documentation for his 2021 tax return.

11. Montgomery did not provide the requested documents to Investor A.

12. Investor A no longer receives statements regarding Investor A's account and cannot access, manage, or withdraw funds from Investor A's account.

13. Investor A has not received any withdrawals, dividends, or any other returns from the Respondents.

14. The Investment Club and Montgomery do not respond to requests for withdrawals from or liquidation of Investor A's account.

Division Subpoenas

15. As part of the investigation, on March 29, 2024, the Division issued a subpoena to the Respondents demanding certain documents and information regarding the Investment Club (the "March 29th Subpoena"). The Respondents were required to respond to the March 29th Subpoena by April 18, 2024.

16. On April 18, 2024, Montgomery met with the Division in-person, and following the meeting, he was granted an extension to May 20, 2024, to respond to the March 29th Subpoena.

17. The Respondents did not respond to the March 29th Subpoena by May 20, 2024.

18. Thereafter, the Division contacted Montgomery by email multiple times regarding his obligation to respond to the subpoena. While Montgomery acknowledged receipt of the email communications, he failed to respond in any way to the Division's subpoenas.

19. The Division has never received the required response from the Respondents.

VI. CONCLUSIONS OF LAW

20. Paragraphs 1 through 19 are incorporated by reference as though fully set forth herein.

21. Pursuant to S.C. Code Ann. § 35-1-102(4), a "broker-dealer" means any person engaged in the business of effecting transactions in securities for the account of others or for the person's own account.

22. By engaging in the business of effecting transactions in securities for the account of others, the Investment Club acted as a broker-dealer as defined by S.C. Code Ann. § 35-1-102(4).

23. Pursuant to S.C. Code Ann. § 35-1-102(2), an “agent” means an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities.

24. Regardless of his status as the owner of the Investment Club, by representing the Investment Club in effecting or attempting to effect purchases or sales of securities, Montgomery acted as an agent of a broker-dealer.

25. Pursuant to S.C. Code Ann. §§ 35-1-401 and 35-1-402, it is unlawful for a person to transact business in South Carolina as a broker-dealer or agent unless the person is registered with the Division as a broker-dealer or agent or is exempt from registration.

26. The Respondents transacted business in South Carolina as a broker-dealer and agent without being registered as such or without a valid exemption from registration, in violation of the Act.

27. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to (1) employ a device, scheme, or artifice to defraud, (2) make an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

28. The Respondent, in connection with the offer, sale, or purchase of a security, directly or indirectly employed a device, scheme, or artifice to defraud; made an untrue statement

of a material fact or omitted a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or engaged in an act, practice, or course of business that operated or would operate as a fraud or deceit upon the investors, in violation of the Act.

29. Each violation of S.C. Code Ann. §§ 35-1-401, 35-1-402, and 35-1-501 is a separate violation of the Act.

30. The Respondents' violations of the Act set forth above provide the basis for this Order, pursuant to S.C. Code Ann. § 35-1-604.

31. This Order is appropriate and in the public's interest, pursuant to the Act.

VII. ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), it is hereby **ORDERED** that:

- a. Each of the Respondents and every successor, affiliate, control person, agent, servant, and employee of each of the Respondents, and every entity owned, operated, or indirectly or directly controlled by or on behalf of each of the Respondents shall **CEASE AND DESIST** transacting business in this State in violation of the Act; and
- b. The Respondents shall jointly and severally pay to the Division a civil penalty of thirty thousand dollars (\$30,000.00) if this Order becomes effective by operation of law, or, if a Respondent seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed ten thousand dollars (\$10,000.00) for each violation of the Act by the Respondent(s).

VIII. NOTICE OF OPPORTUNITY FOR HEARING

Each of the Respondents is hereby notified that it has the right to a formal hearing on the matters contained herein. To schedule a hearing, a Respondent must file with the Division within thirty (30) days after the date of service of this Order, a written Answer specifically requesting a hearing. If any Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a written request, will schedule a hearing for that Respondent. The written request shall be delivered to the Office of the Attorney General, 1000 Assembly Street, Columbia, South Carolina 29201, or mailed to the Office of the Attorney General, Attention: Securities Division, P.O. Box 11549, Columbia, South Carolina 29211-1549.

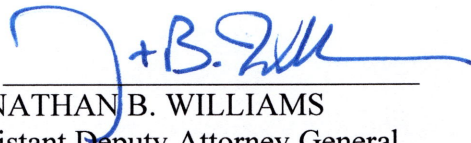
In the written Answer, a Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth the specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. If the Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, the Respondent shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty-day (30) period stated above shall be deemed a waiver by that Respondent of the right to such a hearing. Failure by a Respondent to file an Answer, including a request for a hearing, shall result in this Order's becoming final by operation of law. The regulations governing the hearing process can be found at S.C. Code of Regulations § 13-604.

This Order does not prevent the Division or any agency from seeking additional remedies as are available under the Act, including remedies related to the offers and sales of securities by the Respondents set forth above.

ENTERED, this the 25th day of June, 2025.

ALAN WILSON
SECURITIES COMMISSIONER

By: 
JONATHAN B. WILLIAMS
Assistant Deputy Attorney General